

21  
3/4



13013237

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: April 30, 2013
Estimated average burden hours per response ... 12.00

SEC  
Mail Processing  
Section

ANNUAL AUDITED REPORT

~~FORM X-17A-5~~

PART III

FACING PAGE

FEB 28 2013  
Washington DC  
400

SEC FILE NUMBER
8-46868

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/12 AND ENDING 12/31/12  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

Fairview Securities Inc

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

8 Priscilla Lane  
(No. and Street)

Darien CT 06820  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Bruce F. Kinloch - President (203) 662-0180  
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC

(Name - if individual, state last, first, middle name)

250 West 57<sup>TH</sup> Street, Suite 1632 New York New York 10107  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

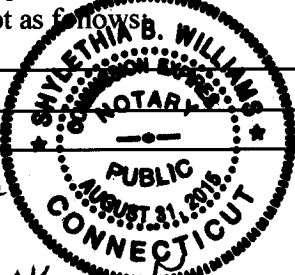
FOR OFFICIAL USE ONLY



\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

DD  
3/9/13

## OATH OR AFFIRMATION

I, Bruce G. Kinloch, President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Fairview Securities Inc. (Company), as of December 31, 2012, are true and correct. I further swear (or affirm) that neither the Company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



 8/31/15
 

Bruce G. Kinloch, President

Sworn and subscribed to before me this 14<sup>th</sup> day of February, 20 13.

**This report contains (check all applicable boxes):**

**Page**

- |     |   |         |
|-----|---|---------|
|     | Report of Independent Registered Public Accounting Firm   | 1       |
| (x) | (a) Facing page.  |         |
| (x) | (b) Balance Sheet.  | 2       |
| (x) | (c) Statement of Operations.  | 3       |
| (x) | (d) Statement of Cash Flows.  | 4       |
| (x) | (e) Statement of Changes in Stockholder's Capital.  | 5       |
| ( ) | (f) Statement of Changes in Subordinated Liabilities (not applicable).  |         |
| (x) | Notes to Financial Statements.  | 6 - 7   |
| (x) | (g) Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.   | 8       |
| ( ) | (h) Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.  |         |
| ( ) | (i) Information Relating to the Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (not applicable).                                    |         |
| ( ) | (j) A Reconciliation, including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-3 (not required). |         |
| ( ) | (k) A Reconciliation Between the Audited and Unaudited Consolidated Statements of Financial Condition With Respect to Methods of Consolidation (not applicable).  |         |
| (x) | (l) An Affirmation.   |         |
| (x) | (m) A Copy of the SIPC Supplemental Report.   | 9 - 10  |
| (x) | (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit (Supplemental Report on Internal Control).   | 11 - 12 |



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.888.99.PCAOB (72262)

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and Board of Directors of  
Fairview Securities, Inc

**Report on the Financial Statements**

We have audited the accompanying balance sheet of Fairview Securities, Inc, (the Company) as of December 31, 2012, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fairview Securities, Inc as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information contained on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information on page 8 has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on page 8 is fairly stated in all material respects in relation to the financial statements as a whole.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
February 7, 2013

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

**FAIRVIEW SECURITIES, INC.**  
**BALANCE SHEET**  
**DECEMBER 31, 2012**

**ASSETS**

Cash	\$ 57,452
Prepaid expenses	<u>5,953</u>
Total Assets	<u><u>\$ 63,405</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

Accounts payable	<u>\$ 1,919</u>
Total Liabilities	<u>1,919</u>
Contingencies	
Stockholder's Equity:	
Common stock, no par value, 20,000 shares authorized, 7,250 shares issued and outstanding	145,000
Additional paid-in capital	310,732
Accumulated (deficit)	<u>(394,246)</u>
Total Stockholder's Equity	<u>61,486</u>
Total Liabilities and Stockholder's Equity	<u><u>\$ 63,405</u></u>

**FAIRVIEW SECURITIES, INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Revenues:	
Commissions	\$ 783,291
Interest	<u>7</u>
Total Revenue	<u>783,298</u>
Costs and Expenses:	
Administrative service fee	759,032
Regulatory fees	6,292
Professional fees	31,711
SIPC	1,794
Other expenses	<u>1,177</u>
Total Costs and Expenses	<u>800,006</u>
Net loss	<u>\$ (16,708)</u>

See Independent Accounts' Report and Accompany Notes

**FAIRVIEW SECURITIES, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Flows From Operating Activities:	
Net loss	\$ (16,708)
Adjustment to reconcile net loss to net cash (used) by operating activities:	
Changes in operating assets and liabilities:	
Decrease in loan receivable	500
(Increase) in prepaid expense	(3,809)
Increase in accounts payable	<u>395</u>
Net Cash (Used) by Operating Activities	<u>(19,622)</u>
Cash Flows from Investing Activities:	
Stockholder contributions, net	<u>62,455</u>
Net Cash Provided by Investing Activities	<u>62,455</u>
Cash Flows from Financing Activities:	-
Net Increase In Cash	<u>42,833</u>
Cash, January 1, 2012	<u>14,619</u>
Cash, December 31, 2012	<u><u>\$ 57,452</u></u>

See Independent Accountants' Report and Accompanying Notes

**FAIRVIEW SECURITIES, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Common Stock</u>	<u>Additional paid-in capital</u>	<u>Accumulated (deficit)</u>	<u>Total Stockholder's Equity</u>
Balance, January 1, 2012	\$ 145,000	\$ 248,277	\$ (377,538)	\$ 15,739
Net loss	-	-	(16,708)	(16,708)
Stockholder contributions, net	<u>-</u>	<u>62,455</u>	<u>-</u>	<u>62,455</u>
Balance, December 31, 2012	<u>\$ 145,000</u>	<u>\$ 310,732</u>	<u>\$ (394,246)</u>	<u>\$ 61,486</u>

See Independent Accountants' Report and Accompanying Notes

**FAIRVIEW SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**1. ORGANIZATION AND NATURE OF BUSINESS**

Fairview Securities, Inc (the "Company") is a Connecticut Corporation formed on November 12, 1993. The Company provides consulting and sales support services to Registered Investment Advisors. The Company is registered as a broker-dealer in securities transactions under the Securities Exchange Act of 1934. The Company is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corp. (SIPC).

The Company acts as a broker-dealer and is exempt from Securities and Exchange Commission Rule 15c3-3 under paragraph k(2)(i). The Company is not required to have any arrangement with a clearing broker.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Revenues**

Fees are recognized when services are completed and the revenues are reasonably determined, unless the service is rendered on a contingent fee basis, in which case revenues are recognized upon satisfaction of the contingency.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. NET CAPITAL REQUIREMENTS**

The Company is a member of the FINRA and subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of \$5,000 and requires that the ratio of aggregate indebtedness to net capital, both as defined shall not exceed 15 to 1. At December 31, 2012 the Company had net capital of \$55,533 which was \$50,533 in excess of the FINRA minimum capital requirement.



**FAIRVIEW SECURITIES, INC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

**4. INCOME TAXES**

The Company has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Company does not pay federal income taxes on its corporate income. Instead, the stockholder is liable for individual federal income taxes on his share of the Company's income, deductions, losses and credits.

**FAIRVIEW SECURITIES, INC.**  
**COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE**  
**SECURITIES AND EXCHANGE COMMISSION**  
**DECEMBER 31, 2012**

NET CAPITAL:	
Total stockholder's equity	\$ 61,486
Deductions and/or charges:	
Non-allowable assets:	
Prepaid expenses	<u>(5,953)</u>
Net capital before haircuts on securities positions	<u>55,533</u>
Haircuts on securities positions	<u>-</u>
Net Capital	<u><u>\$ 55,533</u></u>
AGGREGATE INDEBTEDNESS:	
Items included in the statement of financial condition:	
Accounts payable and accrued expenses	<u>\$ 1,919</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT:	
Minimum net capital required	<u>\$ 5,000</u>
Excess net capital	<u><u>\$ 50,533</u></u>
Net capital less greater of 10% of total AI or 120% of minimum net capital	<u><u>\$ 49,533</u></u>
Ratio: Aggregate indebtedness to net capital is	<u><u>3%</u></u>

The above computation does not differ materially from the December 31, 2012 computation of net capital filed electronically by the Company on FOCUS Form X-17A-5 Part IIA.



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.888.99.PCAOB (72262)

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

**Independent Accountants' Report on Applying Agreed-Upon  
Procedures Related to an Entity's SIPC Assessment Reconciliation**

To the Shareholders and Board of Directors of  
Fairview Securities, Inc  
8 Priscilla Lane  
Darien, CT 06820

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Schedule of Assessment and Payments [Transitional Assessment Reconciliation (Form SIPC-7)] to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2012, which were agreed to by Fairview Securities, Inc and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC solely to assist you and the other specified parties in evaluating Fairview Securities, Inc's compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7). Fairview Securities, Inc's management is responsible for the Fairview Securities, Inc's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2012 as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2012, noting no differences;
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 and in the related schedules and working papers supporting the adjustments noting no differences; and

**Registered with the Public Company Accounting Oversight Board  
Member: American Institute of Certified Public Accountants**

5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
February 7, 2013

**Registered with the Public Company Accounting Oversight Board  
Member: American Institute of Certified Public Accountants**



Certified Public Accountants, PLLC

250 W57th Street  
Suite 1632  
New York, NY 10107  
T:1.212.448.0010  
F:1.888.99.PCAOB (72262)

E-mail:  
[fvb@getcpa.com](mailto:fvb@getcpa.com)  
[rtse@getcpa.com](mailto:rtse@getcpa.com)  
[info@getcpa.com](mailto:info@getcpa.com)  
[www.getcpa.com](http://www.getcpa.com)

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON  
INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Shareholders and Board of Directors of  
Fairview Securities, Inc

In planning and performing our audit of the financial statements of Fairview Securities, Inc (the Company), as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*VB&T CERTIFIED PUBLIC ACCOUNTANTS, PLLC*

New York, NY  
February 7, 2013

**Registered with the Public Company Accounting Oversight Board  
Member of the American Institute of Certified Public Accountants**

SEC  
Mail Processing  
Section

FEB 28 2013

Washington DC  
400

**FAIRVIEW SECURITIES, INC**

**(SEC I.D. No. 8-46868)**

**FINANCIAL STATEMENTS AND**

**SUPPLEMENTAL SCHEDULE**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

**AND**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

**AND**

**SUPPLEMENTAL REPORT ON INTERNAL CONTROL**